

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
OCTOBER 9, 1997

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Thursday, October 9, 1997. Members present were Mark Hasten, Chairman; Norman L. Lowery, Ronald E. Depasse, Gary M. Smith, David D. Baer and Tony Zaleski. Also present from the Department were Charles W. Phillips, Director; J. Philip Goddard, Chief Counsel, Deputy Director, Non-Depository Institutions and Secretary; James M. Cooper, Deputy Director, Bank Division; Randall L. Rowe, Bank Supervisor; Kirk J. Schreiber, Bank Analyst; Gina R. Williams, Bank Analyst; Mark Tarpey, Division Supervisor, Consumer Credit Division; Mark Powell, Supervisor, Credit Unions; Kenneth Granger, I S Specialist, and Ronda Bailey, Administrative Secretary. Individuals representing First Internet Bank of Indiana were; Incorporator, Director and proposed Chairman of the Board David B. Becker, Director and proposed President John McCreary, Rick Childs of Crowe Chizek and Company, Director Matt Neff and James Strain of the law firm Sommer & Barnard.

I. PUBLIC SESSION

- A.) Attendance
- B.) Date of next meeting: November 13, 1997 at 9:00 a.m., EST.
- C.) A motion was made for approval of the minutes of the meeting held September 25, 1997, by Mr. Zaleski and was seconded by Mr. Depasse. The minutes were unanimously approved.
- D.) The Members elected Norman L. Lowery as Vice Chairman, replacing W. Paul Wolf. A motion for approval was made by Mr. Zaleski and seconded by Mr. David Baer. The election of Norman L. Lowery as Vice Chairman was unanimously approved.
- E.) Director Phillips presented a resolution of appreciation for W. Paul Wolf to the Members for approval. A motion for approval of the resolution was made by Mr. Lowery and seconded by Mr. Depasse. The resolution was unanimously approved.

DIVISION OF BANK AND TRUST COMPANIES

1.) First Internet Bank of Indiana, Indianapolis, Marion County, Indiana

The individuals attending the meeting who were representing the application were first introduced to the Members. They were Incorporator, Director and proposed Chairman of

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Board David Becker, Director and proposed President John McCreary, Rick Childs, of Crowe Chizek and Company, Director Matt Neff and James Strain of the law firm Sommer & Barnard. Mr. Kirk J. Schreiber, Senior Bank Analyst, presented the application and informed the Members of the following information.

The First Internet Bank of Indiana ("Bank") is being established as a highly focused Internet financial institution providing its customers convenient real time banking service. The bank will immediately be able to offer a broad array of traditional banking products via the Internet. The Bank's primary market will be Marion and Hamilton Counties. Its secondary market will be the State of Indiana and its tertiary market is the United States.

The software and interface the bank will use is owned by Virtual Financial Services, Inc. ("ViFi"), a wholly owned company of Mr. Becker. re:Member Data Services, Inc. ("RDS"), another company owned by Mr. Becker has provided third party processing to credit unions for over 15 years. RDS developed cuStar, a software package for credit unions that is used to operate over 100 credit unions. In addition, RDS has offered credit union services over the Internet since September 1996. ViFi has modified this software in order to apply its Internet and real time capabilities to banks. The software the Bank will use will be called FiNet

The software will enable consumers to execute a full range of traditional banking transactions over the Internet, 24 hours a day, 7 days a week, 365 days a year. It's the Bank's intention to expand its activities to offer smartcard transactions in the future. In addition, the bank intends to offer securities brokerage and other financial services in the future through strategic alliances with other financial services companies.

An Information Systems examination was conducted by the Department's IS staff in July on RDS. This examination extensively reviewed the controls and procedures that are in place as they relate to RDS. Since RDS and ViFi utilize basically the same controls and procedures, this examination was crucial in determining the risks associated with the technology issues as they relate to the investigation of the proposed bank application. Specifically the examination focused on system security, software, hardware, technology agreements, technology strategies, policies, procedures and controls. RDS received a satisfactory rating and no significant weaknesses were noted.

The Bank is offering 1,300,000 shares of common stock at \$10 per share pursuant to a Private Placement Memorandum dated September 9, 1997. The Bank intends to use the proceeds of the offering to provide the bank's initial capital of \$13 million.

The Bank intends to conduct its operations from an office located at 9465 Counselors Row,

The leased space contains approximately 3,700 square feet located on the first floor of the building. Due to the unique delivery system this will be the Bank's only office.

Mr. Schreiber summarized the four application approval factors pursuant to IC 28-11-5-4 that the Members must consider when approving the application.

Factor #1 The financial standing and character of the incorporators, organizers, directors, principal shareholders and controlling corporations.

A review of the individuals financial statements and biographical backgrounds was conducted as part of the application investigation. No unfavorable items were noted. In addition, the Federal Deposit Insurance Corporation conducts a background investigation that includes Federal Bureau of Investigation criminal checks. This investigation also revealed no unfavorable responses. Ms. Williams stated profiles of these individuals could be found on pages 17 through 21 of the outline.

The staff felt the financial standing and character of the incorporator, organizers, and directors is considered acceptable.

Factor #2 The character, qualifications, and experience of the officers and directors of the proposed institution.

The bank intends to start operations with a staff of approximately 12 employees. David Becker will be the Bank's Chairman of the Board. Mr. Bechman serves as Chief Executive Officer of RDS, ViFi, Becker & Associates and re: Member Data Services International all computer services providers. John McCreary will serve as the Bank's President. Mr. McCreary has twenty (20) years of banking experience all in the Indiana and Ohio area. The organizers of the proposed bank are in the process of searching for qualified executives to fill the remaining officer positions.

The officers and directors are all well respected and highly regarded individuals. As a group, they have broad business experience and strong financial and banking backgrounds.

The staff felt the character, qualifications, and experience of these individuals is considered acceptable.

Factor #3 The future earnings prospects for the proposed financial institution.

Mr. Schreiber informed the Members that anticipated balance sheet and income projections, and significant ratios could be found on pages 10 through 12 of the outline. The staff felt the

the proposed business strategy of the Bank, and the proposed initial capitalization of the Bank.

Factor #4 The adequacy of the financial institutions proposed capital.

Mr. Schreiber stated the capital structure of the proposed bank was on page 15 of the outline. The FDIC Statement of Policy, states that the basic benchmark for evaluating the adequacy of the capital structure of a new institution is that it should have initial capitalization sufficient to provide a ratio of Tier 1 capital to total estimated assets of at least 8% at the end of the third year. The proposed bank is projecting to have a Tier 1 capital ratio of 10.67% at the end of year three, which well exceeds the minimum required. In addition, the beginning capital level is well in excess of de novo bank capitalization levels.

The staff believes the proposed capital of the Bank is adequate.

Based on the findings of the investigation by the staff, approval was recommended for the formation of a state-chartered commercial bank to be known as First Internet Bank of Indiana.

Mr. Baer asked the applicants to discuss security of the bank over the Internet. Mr. Becker responded that all transmissions via the Internet between the customer and the Bank are protected by secure layering using an encryption device. Additionally, Mr. Becker discussed the three levels of security. Those levels are access to the Internet to begin, customer key at the access point and dynamic key with each transmission.

Mr. Depasse asked if the system was infallible. Mr. Becker responded that he could not guarantee that the system was infallible, but the Bank has hired the security firm of Fortified Networks to perform a penetration test in November before the Bank goes live. Chairman Hasten asked if anyone could transfer money from an account at the Bank to another bank's account. Mr. Becker responded that the transfer of money to another bank could not be done without a Fed wire transfer.

Chairman Hasten then asked what would happen to a customer's PIN number if something happened to the system. Mr. Becker stated the Bank would have to reissue PIN numbers to the customers if there was a total meltdown of the system similar to what they would do in the credit card industry.

As a follow-up to Chairman Hasten's question Mr. Zaleski asked Mr. Becker if there was a problem with the system would the Bank notify the Department. Mr. Becker responded that the security policy at the data center level would be to contact the bank and the Bank's

security policy would be to contact the regulatory agencies. Deputy Director Cooper

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informed the Members that the Bank would have to notify the Department pursuant to a statutory requirement.

Mr. Zaleski then asked if the Department would step in if something did go wrong with the system. Mr. Cooper replied that the Department would ensure that the Bank was taking the appropriate steps to correct the problem but the Department would not go in and run the Bank.

Mr. Cooper pointed out to the Members that through the examination of RDS and ViFi the Department required the Bank to have an independent penetration test in order to determine the system is secure.

Mr. Lowery asked what disaster contingency plans are in place for the Bank. Mr. Becker told the Members of the remote site at 96th Street and Interstate 69 where the total data communications system is replicated. The follow-up question by Mr. Lowery was what happens if there was an earthquake. Mr. Becker discussed that the main office and remote site are under different infrastructure in the utility community. In addition, ViFi has an agreement called recoverall with Digital Equipment Corporation that allows them to replace all pieces of the system within seventy-two (72) hours.

Mr. Smith asked how the Bank would comply with the Community Reinvestment Act ("CRA"). Mr. McCreary responded that the Bank has identified Marion and Hamilton Counties as its primary market. The Bank's business strategy with respect to lending activities involves traditional banking to the low and moderate borrowers. The FDIC has reviewed the Bank's CRA policy and has determined it to be acceptable. Mr. Baer then asked if low to moderate borrowers would have access to the Internet. Mr. McCreary responded that studies show the normal Internet user is not in the low to moderate income category. However, the Bank realizes they will have to advertise in their primary market area and will have to search out these loans as a traditional bank.

Chairman Hasten asked for clarification of the last sentence on page 2 of the outline. Mr. McCreary explained that the Bank wants to be able to offer its customers full service. In order to be able to offer these services the Bank will have to partner itself with brokers, insurance companies and other companies that are online.

Chairman Hasten then asked if the Bank was applying strictly as an Internet bank. Mr. Cooper responded that Title 28 does not require that the proposed financial institution have

a specific delivery system of services; however, it does require the proposed bank have adequate capital, acceptable earnings prospects and acceptable officers and directors. Mr. Neff continued the discussion by saying the proponents were asking for a bank charter in a

bank because that is the primary distribution channel and the thrust of their business strategy.

Mr. Depasse questioned the analyzation of the board on how they would determine when the proposed bank would deliver the services traditionally if the unique delivery system did not work. Mr. Neff responded that the board will stay with the business strategy; however, their primary loyalty is to protect the depositors and secondary loyalty is to get a good return on capital for their investors. The board will closely monitor the progress of the bank and make the appropriate decisions when necessary.

Chairman Hasten then questioned the amount of capital. Mr. Cooper responded that the applicants started with \$10 million and through a review of the projections the Department asked for an additional \$3 million. The Department staff felt that \$13 million is adequate would give the applicants enough excess capital to meet their projections. Director Phillips added the Department's policy on capital is more demanding than ever, but the Department does not want to cause undue burden on the applicants by asking for too much capital. Director Phillips reiterated that he felt the \$13 million in capital was adequate.

Mr. Baer asked the proponents if they could achieve enough volume on the issuance of credit cards to make them profitable. Mr. McCreary responded that they felt they could generate a good volume of credit card business due to the interactivity of the software.

Mr. Smith asked that someone address the issue of the two directors of the proposed bank who will only be serving for a short period of time. Mr. Smith noted that Director Michael Smith has an interlock problem and Director Thomas Dustimer will only be serving during the start-up phase of the proposed bank. Mr. Neff responded that the proposed bank had no control over the decision by Mr. Dustimer to leave the board due to a conflict with KeyBank, who he has had a long standing business relationship. Mr. Neff also responded that Mr. Smith is able to stay on the board of directors due to an exception regarding new banks. The board believes Mr. Smith is a valuable and positive contributor to the proposed bank.

With no further questions, the Members were asked to vote on each of the factors in IC 28-11-5-4.

Factor #1 was voted upon with five favorable votes. Mr. Smith wanted the record to reflect that he had a concern that two of the directors of proposed institution or 28% of the board will not be committed to the institution for any substantial period of time. Director Phillips commented that Mr. Smith should define his vote to unfavorable or an abstention. Mr. Smith stated that he would vote as an abstention. There were no unfavorable votes.
Factor #1 was approved.

With respect to **Factor #2**, the Members had five favorable votes. Mr. Smith again wanted the record to reflect his same comments from Factor #1. Mr. Smith voted as an abstention. There were no unfavorable votes. **Factor #2 was approved.**

Concerning **Factor #3**, there were six favorable votes and no unfavorable votes. **Factor #3 was unanimously approved.**

With respect to **Factor #4**, the members had five favorable votes. Mr. Depasse voted as an abstention. There were no unfavorable votes. **Factor #4 was approved.**

DIRECTOR'S COMMENTS AND REQUESTS

- A) Director Phillips informed the Members that Mr. Richard J. Rice resigned as a Member of the Department of Financial to accept appointment with the State Board of Education.
- B) **Farmers State Bank, Liberty, Union County, Indiana**
The bank notified the Department that they have closed their branch banking office that was known as the "Glenwood Branch" located at 217 North Main Street, Glenwood, Rush County, Indiana. The office was closed on September 30, 1997 @ 6:00 P.M. **This item was for informational purposes only.**
- C) **People's Bank & Trust Company, Mt. Vernon, Posey County, Indiana**
The bank notified the Department that they have closed their branch banking office that was known as the "Southwind Plaza" located at 444 Southwind Plaza, Mt. Vernon, Posey County, Indiana. The office was closed on September 30, 1997 @ 6:00 P.M. **This item was for informational purposes only.**
- D) **Pacesetter Bank, Hartford City, Blackford County, Indiana**
The bank notified the Department that they have closed their branch banking office that was known as the "Pacesetter Downtown Branch" located at 123 West Washington Street, Hartford City, Blackford County, Indiana. The office was closed on October 1, 1997 @ 6:00 P.M. **This item was for informational purposes only.**
- E) Deputy Director/Legal Counsel, Goddard, gave the Members an update on the Department's latest developments with a check casher/pay-day lender in Shelbyville known as CheckMasters. The Members had been advised at the August meeting that the staff was recommending that all necessary legal action be taken against the licensee by the office of the Attorney General for failure to make refunds on overcharges and take other corrective

Understanding" with this office and the office of the Attorney General. Refunds are being made as previously requested. This office has done a preliminary follow-up exam to verify corrective action. An additional follow-up exam will be done in approximately sixty (60) days to confirm that all items are resolved. **This item was for informational purposes only.**

- F) The Director advised the Members of actions pursuant to delegated authority. Mr. Phillips asked for any questions or clarifications of the actions, which are as follows.**

DIVISION OF BANK AND TRUST COMPANIES

1.) INDIANA TRUST AND INVESTMENT MANAGEMENT COMPANY, MISHAWAKA, ST. JOSEPH COUNTY, INDIANA

The corporate fiduciary has applied to the Director for approval to amend its Articles of Incorporation to increase the amount of the capital stock and the number and par value of the shares into which the capital stock of this corporation are to be divided. The total capital stock will equal \$1,000,000 the number of authorized shares will be 100,000 and par value will be \$10.00. This amounts to additional capital stock of \$799,900 and additional number of shares of 79,990. The increase in capital stock is due to a proposed stock acquisition agreement with American National Trust and Investment Management Company, Muncie, Indiana. **The Director approved this on September 24, 1997, under Delegated Authority.**

2.) LINCOLNLAND BANK, DALE, SPENCER COUNTY, INDIANA

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request proposes a \$480M dividend to be paid by the end of 1997 to its holding company National City Bancshares, Inc., Evansville, Indiana, and the payment of continuing cash dividends to the holding company until June 30, 1998. The bank has committed to maintain a Tier 1 leverage capital ratio at all times of at least 8%. As of June 30, 1997, the bank's Tier I capital ratio is 8.38%. On a pro forma basis after the \$480M dividend the bank expects the Tier 1 capital ratio to be 8.00%. The bank has budgeted net income for 1997 of \$2,070M and 1998 of \$2,326M. The bank's average three-year ROA is 1.32%. Approval is recommended for the \$480M dividend to be paid by the end of 1997 and approval is recommended for the calendar year 1998 for the continuing cash dividends to the holding company. This approval should be conditioned upon the bank maintaining a 8% tier 1 capital ratio. **The Director approved this on September 24, 1997, under Delegated Authority.**

3.) THE BANK OF MITCHELL, MITCHELL, LAWRENCE COUNTY, INDIANA

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request proposes a \$200M dividend to be paid by the end of 1997 to its holding company National City Bancshares, Inc., Evansville, Indiana, and the payment of continuing cash dividends to the holding company until June 30, 1998. The bank has committed to maintain a Tier 1 leverage capital ratio at all times of at least 8%. As of June 30, 1997, the bank's Tier I capital ratio is 8.18%. On a pro forma basis after the \$200M dividend the bank expects the Tier 1 capital ratio to be 8.00%. The bank has budgeted net income for 1997 of \$1,000M and 1998 of \$2,326M. The bank's average three-year ROA is 1.40%. Approval is recommended for the \$200M dividend to be paid by the end of 1997 and approval is recommended for the calendar year 1998 for the continuing cash dividends to the holding company. This approval should be conditioned upon the bank maintaining a 8% tier 1 capital ratio. **The Director approved this on September 24, 1997, under Delegated Authority.**

4.) PIKE COUNTY BANK, PETERSBURG, PIKE COUNTY, INDIANA

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request proposes a \$225M dividend to be paid by the end of 1997 to its holding company National City Bancshares, Inc., Evansville, Indiana, and the payment of continuing cash dividends to the holding company until June 30, 1998. The bank has committed to maintain a Tier 1 leverage capital ratio at all times of at least 8%. As of June 30, 1997, the bank's Tier I capital ratio is 8.33%. On a pro forma basis after the \$225M dividend the bank expects the Tier 1 capital ratio to be 8.00%. The bank has budgeted net income for 1997 of \$1,187M and 1998 of \$1,200M. The bank's average three-year ROA is 1.95%. Approval is recommended for the \$225M dividend to be paid by the end of 1997 and approval is recommended for the calendar year 1998 for the continuing cash dividends to the holding company. This approval should be conditioned upon the bank maintaining a 8% tier 1 capital ratio. **The Director approved this on September 24, 1997, under Delegated Authority.**

5.) KENTLAND BANK, KENTLAND, NEWTON COUNTY, INDIANA

The bank has entered into a branch purchase and assumption agreement dated July 28, 1997, with NBD Bank, National Association, Indianapolis, Indiana. The bank will purchase approximately \$21,963M in cash, \$37M in premises and equipment, and will assume approximately \$22,000M in deposits through its acquisition of NBD Bank's branch in Rensselaer, Jasper County, Indiana. The bank will pay a deposit premium of 4.01%, or \$1,000M, of total deposits as defined in the agreement.

The bank has applied to the Department for approval to establish a branch banking office to be located at **U.S. Highway 231, 810 South College Avenue, Rensselaer, Jasper County, Indiana**. The application was received on August 8, 1997, and the branch is to be known as **"Rensselaer Banking Center, Kentland Bank**. No insider relationship exists between any insiders of the bank and any of the parties involved. The proposed branch is approximately 3,400 square feet. Pursuant to the agreement, the bank will assume the lease of NBD Bank, N.A., Indianapolis. The bank will lease the space from Richard and Barbara Arnott, Kentland, Indiana with an annual rental of \$18M. It is estimated that there will be \$27M worth of leasehold improvements to make the site into a banking facility. Furniture, fixtures, and equipment costs are projected to be \$10M. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the FDIC as of June 30, 1996. The bank's three-year average ROA is 1.68%. As of June 30, 1997, the Tier 1 leverage capital ratio is 12.61%. The investment in total fixed assets to total capital will increase from 4.89% before the proposed branch to 5.15% after the investment in the branch. This will be the institution's third branch. **The Director approved this on September 24, 1997, under Delegated Authority.**

DIVISION OF CREDIT UNIONS

- 1.) **HOOSIER HILLS CREDIT UNION, BEDFORD, LAWRENCE COUNTY, INDIANA**
Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Bedford First Church of the Nazarene - Bedford - 100 members
John Jones GM City - Salem & Corydon - 105 members
Helsel, Inc. - Campbellsburg - 180 members
Bedford Area Chamber of Commerce - Bedford - 3 members
American General Finance, Inc. - Bedford - 4 members
West Washington School Corporation - Campbellsburg - 140 members
Babcock Motors, Inc. - Orleans - 13 members
Stone Belt Arc, Inc. dba Stone Belt Center & LARC Center
Bloomington - 300 members
Sprint, Inc. - Orleans - 22 members
Roberts Transport - Bedford - 1 member
Kellams & Associates, Inc. - Oolitic - 5 members
Jug Store - Bedford - 2 members
Goff Refrigeration - Bedford - 12 members

The Director approved this on September 26, 1997, under Delegated Authority.

2.) TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Lau Industries - Rochester - 220 members
Pinnacle Properties Management Group, LLC - Bloomington - 35 members
Landis & Chambers Insurance, Inc. - Marion - 4 members
Town of Argos - Argos - 20 members
Weddle Excavation, LLC - Greencastle - 4 members
Crystal's Cakes & Catering - Crawfordsville - 2 members
W. E. Smith & Co., CPA - Plymouth - 2 members
Lakeville Christian Church - Lakeville - 82 members
Greater Northeast Baptist Church - Indianapolis - 50 members
Global Travel Associates, Inc. - Lapel - 6 member
Creative Expressions Group, Inc. - Indianapolis - 450 members
Southcorp Packaging USA, Inc. - Valparaiso - 100 members
Flint Ink Corp. - Warsaw - 26 members
Fellowship House - South Bend - 60 members
The Great Transportation Enterprise, Inc. - Indianapolis - 20 members
PJ's Video - Mishawaka - 30 members
West Indy Glass, Inc. - Indianapolis - 3 members

The Director approved this on September 30, 1997, under Delegated Authority.

3.) CENTRA CREDIT UNION, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA

Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Blue Rive Stamping, Inc. - Shelbyville - 10 members
Chemtrusion, Inc. - Jeffersonville - 133 members
Kelly Services - Columbus - 104 members
Stoner Enterprises, Inc. - Indianapolis - 4 members
Larry E. Nunn & Associates, LLC - Columbus - 40 members
Westport Grocery - Westport - 18 members
O'Mara Foods, Inc. - Greensburg - 10 members
Daniel Hayden Electric Co. - Columbus - 10 members

The Director approved this on September 30, 1997, under Delegated Authority.

DIVISION OF CONSUMER CREDIT

- 1.) **ABNI, Inc.** is requesting a consumer loan license. Applicant is based in Irvine, CA. They will be making auto loans and will be making direct loans to Amway customers. Initially, these will be by mail (no license needed). However, they may operate a location in-state at some point. They will be servicing their loans. They currently operate in California and Arizona. Applicant is recommended for approval. The Director approved this on September 18, 1997, under Delegated Authority. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 2.) **American Lending Group, Inc.** is requesting a consumer loan license. Applicant is based in Gaithersburg, MD. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 3.) **Bann-Cor Mortgage** is requesting a consumer loan license. Applicant is based in Mission Viejo, CA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company and attorneys. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 4.) **Everest Mortgage, Inc.** is requesting a consumer loan license. Applicant is based in Walnut Creek, CA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in California and Washington. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 5.) **First Consumers Mortgage, Inc. d/b/a First Consumers Mortgage of California, Inc.** is requesting a consumer loan license. Applicant is based in Walnut Creek, CA. They will be making second mortgage and they will not be servicing their loans. Loans will be closed by a title company. They currently operate in 22 states. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 6.) **Financial Solutions, Inc. d/b/a Infiniti Lending** is requesting a consumer loan license. Applicant is based in Fort Wayne. They will be making second mortgage loans and they will not be servicing their loans. Loans will be closed by a title company. They currently operate in Ohio. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**

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- 7.) **KK Enterprises, Inc. d/b/a Kwik Kash** is requesting a consumer loan license. Applicant is based in Decatur, IN. Loans in Indiana will be made at one branch in Bluffton. They will be making payday loans and had been a branch of current licensee #1459. The manager has now purchased the business. They will be servicing their loans. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 8.) **Lenders Depot Inc.** is requesting a consumer loan license. Applicant is based in Corona, CA. They will be making second mortgage loans and they will not be servicing their loans. Loans will be closed by a title company. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 9.) **Midwest Home Mortgage Corporation** is requesting a consumer loan license. Applicant is based in Minnetonka, MN. They will be making second mortgage loans. They will not be servicing their loans and loans will be closed by a title company. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 10.) **MLSG, Inc.** is requesting a consumer loan license. Applicant is based in Reno, NV. They will be making second mortgage loans. They will be servicing their loans. Loans will be closed by a title company. They currently operate in twenty states. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 11.) **MorCap, Inc.** is requesting a consumer loan license. Applicant is based in Atlanta, GA. They will be making second mortgage loans and they will not be servicing their loans. Loans will be closed by a title company. They currently operate in nineteen states. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 12.) **Mortgage Plus Equity and Loan Corp.** is requesting a consumer loan license. Applicant is based in Des Peres, IL. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in six states. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 13.) **NF Investments, Inc.** is requesting a consumer loan license. Applicant is based in Atlanta, GA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in 13 states. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**

- 14.) **New America Financial Inc.** is requesting a consumer loan license. Applicant is based in Dallas, TX. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in 26 states. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 15.) **Pine State Mortgage Corporation** is requesting a consumer loan license. Applicant is based in Atlanta, GA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in North Carolina, Louisiana and Georgia. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 16.) **Shelby Greenberg d/b/a The Pawn Store** is requesting a consumer loan license. Applicant is based in Crawfordsville, IN. They will be making payday loans. They will be servicing their loans. Applicant has also applied for a pawnbroking license. Ms. Greenberg is supplying financial support. The business will be managed by her nephew, Tom Greenberg. He has prior pawnbroker and payday loan experience. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 17.) **California Lending Group, Inc. d/b/a United Lending Group** is requesting a consumer loan license. Applicant is based in Irvine, CA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in 42 states. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 18.) **Fidelity Mortgage Funding, Inc. d/b/a USDirect Mortgage** is requesting a consumer loan license. Applicant is based in Ambler, PA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in thirty states. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 19.) **Angelheart Enterprises Ltd. d/b/a Agape Pawn** is requesting a pawnbroker license. Applicant is based in Michigan City. In connection with the application, Mr. Robert Waibel and his wife, Peggy were interviewed by Division Supervisor Tarpey and field supervisor Robert Benbow. It was made clear that this department expects that their business will be operated in compliance with all applicable statutes & local ordinances. Mr. Waibel has experience in the pawn industry and has worked in pawnshops in Arizona and at Merrillville Loan. Mr. Waibel should be able to operate a pawnshop in compliance with the statute. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**

- 20.) **Shelby Greenberg d/b/a The Pawn Store** is requesting a pawnbroker license. Applicant is based in Crawfordsville. The manager will be Tom Greenberg, nephew of licensee. In connection with the application Mrs. Shelby Greenberg and her nephew, Tom Greenberg were interviewed by Division Supervisor Mark Tarpey and Robert Benbow. During the interview several sections in the pawnbroking statute, especially those which have been cited during recent examinations of pawnshops, were reviewed. It was made clear that the business must be operated in compliance with all applicable statutes and local ordinances. Mr. Greenberg has experience in the pawn industry, having worked as the general manager of Pawn it Inc., Terre Haute, IN. Mrs. Greenberg and her nephew, Tom, should be able to operate a pawnshop in compliance with the statute. Applicant is recommended for approval. **The Director approved this on September 18, 1997, under Delegated Authority.**
- 21.) **Continental Protection Services, Inc.** is requesting approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Huntington Beach, CA. There is a contractual liability policy issued by Balboa Insurance. The initial dealer requesting approval is Jim Hadley Chevrolet of Madison, IN. Terms of the agreement include: (1) 60 day free look, (2) customer deductible covered up to \$1,000, (3) refund upon prepayment based on Rule of 78'ths, and (4) maximum charge of \$420. CPSI will co-ordinate refunds with dealer to customers who were charged more than approved amount as well as giving these customers another Afree look@ period if they want a full refund on accounts written prior to approval. This involves 33 accounts. All future dealers will agree to abide by the same terms as those approved. Approval is subject to review at a future date as deemed necessary by the Department. It is recommended that the program be approved as submitted and subject to the above conditions. This is provided for under IC 24-4.5-2-202(1)(c). **The Director approved this on September 18, 1997, under Delegated Authority.**

APPROVED:

ATTEST:

Mark Hasten, Chairman

J. Philip Goddard, Secretary